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and Debtors in Possession*

*Proposed Attorneys for the PCo Debtors  
and Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

In re:

PROSPECT MEDICAL HOLDINGS, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 25-80002 (SGJ)

(Jointly Administered)

**NOTICE OF DESIGNATION OF STALKING HORSE BIDDER**

**PLEASE TAKE NOTICE THAT** Prospect Medical Holdings, Inc. (“PMH”) and its hospital-related debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “HCo Debtors”), together with PHP Holdings, LLC (“PHPH”) and its physician-related debtor affiliates (collectively, the “PCo Debtors,” and together with the HCo Debtors, the “Debtors”), as debtors and debtors in possession, filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Texas

<sup>1</sup> A complete list of each of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://omniagentsolutions.com/Prospect>. The Debtors’ mailing address is 3824 Hughes Ave., Culver City, CA 90232.

(the “Court”) on January 11, 2025 (the “HCo Petition Date”) and July 7, 2025 (the “PCo Petition Date”), respectively.

**PLEASE TAKE FURTHER NOTICE** that, on March 19, 2025, the Court entered the *Order (I)(A) Approving Bidding Procedures and the Form and Manner of Notice Thereof, (B) Authorizing the Selection of Stalking Horse Bidder(s) and Approving Bid Protections, (C) Establishing Bid Deadlines and Scheduling Auction(s) and Sale Hearing(s), and (D) Establishing Certain Assumption and Assignment Procedures and Approving the Manner of Notice Thereof, (II)(A) Authorizing the Sale of the Assets Free and Clear of All Encumbrances, and (B) Approving the Assumption and Assignment of the Assumed Contracts, and (III) Granting Related Relief* [Docket No. 1264] (the “Bidding Procedures Order”),<sup>2</sup> approving, among other things, the bidding procedures (the “Bidding Procedures”) to be used in connection with one or more sales of all or substantially all of the Debtors’ assets in California (such assets, “CA Assets” and such sale, the “CA Sale Transaction”) and the Debtors’ assets in Connecticut (such assets, “CT Assets,” together with the CA Assets, the “Assets,” and such sale, the “CT Sale Transaction” and, together with the CA Sale Transaction, the “Sales”).

**PLEASE TAKE FURTHER NOTICE THAT**, on August 3, 2025, pursuant to and in accordance with the Bidding Procedures, the Debtors (i) selected NOR Healthcare Systems Corp. (“NOR”) to act as the stalking horse bidder for the CA Assets (the “Stalking Horse Bidder” and the related bid, the “Stalking Horse Bid”), and (ii) executed an asset purchase agreement, by and among certain of the Debtors (collectively, the “Sellers”) and NOR, for the CA Sale Transaction (such agreement, as amended, supplemented, or otherwise modified by the parties thereto, and including the exhibits, schedules or attachments thereto, the “Stalking Horse Agreement”). NOR is a wholly-owned subsidiary of Healthcare Systems of America. NOR has no connections to the Debtors other than those that arose from the Stalking Horse Bid.

### **The Stalking Horse Bid**

The Stalking Horse Agreement provides, among other things, that the Stalking Horse Bidder will provide aggregate consideration comprising (i) the assumption of the Assumed Liabilities (as defined in the Stalking Horse Agreement) *plus* (ii) either (x) an amount in cash equal to the borrowing base under the eCapital Line of Credit calculated with historical practices as presented in Exhibit C to the Stalking Horse Agreement (the “eCapital Borrowing Base”) or (y) if the Stalking Horse Bidder enters into a new arrangement with eCapital Healthcare Corp. or otherwise assumes the existing eCapital Line of Credit and provides a payoff letter, release, assignment and assumption, or similar instrument (the “eCapital Payoff or Assumption Instrument”) to the Debtors, then, an amount in cash equal to the positive difference between (1) the eCapital Borrowing Base and (2) any remaining Liability (as defined in the Stalking Horse Agreement) or amount due under the eCapital Line of Credit after application of the eCapital Payoff or Assumption Instrument (collectively, the “Purchase Price”).

In accordance with the Bidding Procedures Order, in certain circumstances, the Stalking Horse Bidder shall be entitled to bid protections (the “Bid Protections”), in an amount that shall

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<sup>2</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order.

not in the aggregate exceed \$2,000,000 (the “Break-Up Fee”), and (ii) upon termination of the Stalking Horse Agreement, the Sellers shall return the Deposit (as defined in the Stalking Horse Agreement) to the Stalking Horse Bidder. The Sellers shall pay the Stalking Horse Bidder the Bid Protections in any event, no later than the third (3rd) Business Day after consummation of an Alternative Transaction (as defined in the Stalking Horse Agreement).

A copy of the Stalking Horse Agreement is attached hereto as **Exhibit A**.

### **Important Dates and Deadlines**

The Bidding Procedures provide interested parties with the opportunity to submit competing bids for the CA Assets, in whole or in part, and to participate in an Auction.

The key dates and deadlines for the CA Sale Transaction are set out below. Subject to the terms of the Bidding Procedures Order, the Debtors, in consultation with the Consultation Parties and with the prior consent of MPT, may extend any of the dates and deadlines set forth in this notice.

- **Stalking Horse Objection Deadline.** The deadline by which an objection to the Debtors’ entry into the Stalking Horse Agreement must be filed is **August 12, 2025 at 4:00 p.m. (prevailing Central Time)**.
- **Bid Deadline.** The deadline to submit higher or better bids on any of the Debtors’ CA Assets and deliver electronic copies of such bid in accordance with the Bidding Procedures is **August 22, 2025 at 4:00 p.m. (prevailing Central Time)**.
- **Qualified Bid Notification.** If no other Qualified Bid is received by Debtor, the deadline to file Notice of Successful Bidder is **August 25, 2025 at 4:00 p.m. (prevailing Central Time)**.
- **Auction.** The deadline for the Auction to be held by the Debtor is **August 26, 2025**. An Auction, if any, will take place at either (i) the offices of Sidley Austin LLP, 1999 Avenue of the Stars, 17th Floor, Los Angeles, CA 90067 or (ii) virtually pursuant to procedures to be timely filed by the Debtors on the Bankruptcy Court’s docket, or such other later date as may be determined by the Debtors in consultation with the Consultation Parties.
- **Adequate Assurance Objection Deadline.** The deadline for objecting to the assignment of the Potentially Assigned Agreements to a Successful Bidder on the basis of adequate assurance of future performance shall be **August 27, 2025 at 4:00 p.m. (prevailing Central Time)**.
- **Sale Objection Deadline.** Objections to a proposed CA Sale Transaction include any objection to the sale of the Debtors’ assets free and clear of liens, claims, interests, and encumbrances pursuant to section 363(f) of the Bankruptcy Code must be filed with the Bankruptcy Court and served in accordance with the Bidding Procedures by no later than **August 27, 2025 at 4:00 p.m. (prevailing Central Time)**.

- **Sale Hearing.** Subject to Court availability, the Debtors intend to schedule the Sale Hearing for **August 28, 2025**, at a time to be determined, before the Honorable Stacey G.C. Jernigan at Courtroom #1, 14th Floor, Earle Cabell Federal Building, 1100 Commerce Street, Suite 1254, Dallas, Texas 75242.

#### **Additional Information**

The Debtors have designated Houlihan Lokey Capital, Inc. (“Houlihan”) to coordinate the responses to all reasonable requests for additional information with respect to the CA Sale Transaction. Contact information for Houlihan is as follows: Andrew Turnbull (ATurnbull@HL.com), Daniel Martin (DMartin@HL.com), and Grant Hubbell (Grantland.hubbell@HL.com). Houlihan will serve as the lead point of contact for all Potential Bidders interested in a Transaction, and such Potential Bidders will need to contact Houlihan to ensure participation in the marketing and sale process described herein. Copies of the Bidding Procedures Motion, the Bidding Procedures, and the Stalking Horse Agreement may be obtained free of charge at the website dedicated to the Debtors’ Chapter 11 Cases maintained by their claims and noticing agent and administrative advisor, Omni Agent Solutions, located at <https://omniagentsolutions.com/Prospect>.

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Dated: August 5, 2025  
Dallas, Texas

*/s/ Thomas R. Califano*

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**SIDLEY AUSTIN LLP**

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**Certificate of Service**

I certify that on August 5, 2025, I caused a copy of the foregoing document to be served by the Electronic Case Filing System for the United States Bankruptcy Court for the Northern District of Texas.

/s/ Thomas R. Califano  
Thomas R. Califano